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AGRICULTURAL CREDIT SURVEY

Report on Field Survey conducted
for estimating credit needs of
cultivators subject to their
capacity to repay

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Introduction.

1. A miniature field survey was conducted in the Trivandrum District with the help of a team of ten investigators for estimating the credit needs of cultivators. The duration of survey was only 10 days. 253 households in eight villages were selected at random making them as representative as possible of the three geographical divisions into which the State is divided, namely Lowland, Midland and Highland. Distribution of the selected households and villages in these three regions is shown in Table 1.

TABLE 1.

Distribution of sample households and villages.

<i>Type of land</i>	<i>Name of village.</i>	<i>No. of households.</i>
1	2	3
LOWLAND	1. Chemmaruthy	28
	2. Thirupuram	31
	3. Kulathur	35
	4. Kazhakkuttam	8
	Sub-total	102
MIDLAND	1. Vamanapuram	33
	2. Veeranakkavu	32
	3. Karakulam	30
	Sub-total	95
HIGHLAND	1. Aryanad	56
	Sub-total	56
ALL	..	253

2. The aim of the survey was to find out the credit requirements of the cultivators subject to their capacity to repay out of the returns from investment made possible by credit. To relate

credit to the repaying capacity of the cultivator, the following two steps were taken. Modus operandi adopted was as follows:—

Firstly the credit needs of the cultivators as formulated by the cultivators themselves were estimated and secondly it was checked up whether each cultivator asking for credit had a definite programme for utilising it so that he could repay the loan in time from the net income resulting from the loan itself. Time limits used were one year for short term loans, five years for medium term loans and ten to fifteen years for long term loans. Each cultivator interviewed was first asked whether for the next year he would require any credit for short term medium term or long term from any source whatsoever, Government or private. Next he was asked what exactly he proposed to do if he obtained the credit; and then he was asked to give estimates of gross and net benefit that would arise year to year from investment carried out with the help of the loan. Each filled in schedule was carefully examined to see whether the cultivator would be able to repay the loan in time from the net income resulting from the loan itself. In those cases where loan money was proposed to be utilised in such a fashion as not to assure a net return covering the loan amount in one year's time, in five years' time or in 15 years' time, as the case may be, credit requirement was left out of account. In the case of a few households, net income from the utilisation of loan was shown together for paddy land and garden land. As separate analysis of credit requirements for paddy land and garden land were not possible with these households, they were left out of account. After this weeding out process what remained were estimates of credit needs—short term, medium term and long term—of individual cultivators subject to their capacity to repay. It may be noted however, that the estimates arrived at in this manner refer to credit needs not in any technical sense (e. g. in the sense of the amount that can be invested in land fruitfully beyond the capacity of cultivators to invest from their own resources) but represents the felt need of cultivators regarding credit.

A. Frequency of Demand for Credit.

3. Table 2 gives the percentage of cultivators willing to have credit of short term, medium term and long term variety classified separately for Lowland, Midland and Highland households investigated.

TABLE 2.
Proportion of households needing credit.

	Short term credit.	Medium term credit.	Long term credit.	Any type of credit.
	%	%	%	%
1	2	3	4	5
LOWLAND				
Paddy cultivation ..	55.1	..	6.1	55.1
Gardencrop cultivation ..	59.6	54.5	15.2	76.8
Total ..	70.7	54.5	17.2	79.8
MIDLAND				
Paddy land ..	81.8	..	7.6	81.8
Garden land ..	69.2	58.2	40.6	82.4
Total ..	84.6	58.2	42.9	92.2
HIGHLAND				
Paddy land ..	89.5	..	..	89.5
Garden land ..	100.0	57.1	50.0	100.0
Total ..	100.0	57.1	50.0	100.0
ALL REGIONS				
Paddy land ..	73.1	..	6.0	73.1
Garden land ..	72.3	56.5	32.5	84.1
Total ..	82.5	56.5	34.2	89.0

It is seen that more cultivators want short term credit than medium term credit and more cultivators want medium term credit than long term credit. Again, credit is needed by a higher percentage of cultivators in the Highlands than in the Midlands and higher in the Midlands than in the Lowlands. On the whole, a smaller proportion of paddy cultivators are interested in credit than cultivators of garden crops. This is true of all types of credit and all regions, excepting short term credit for Midlands. It is not clear whether this discrepancy reflects some peculiarity of the agricultural economy of the Midlands or is purely a statistical phenomenon.

4. It is not possible for us to give a very detailed account of why some cultivators did not want credit and why fewer cultivators want to take medium term and long term credit than short term credit. It was however felt by the investigators that many cultivators were reluctant to give estimates for credit requirements, imagining that the questionnaire referred to credit from Government sources alone. Many cultivators were afraid of taking credit from any source for fear of losing what little land they possessed. It was also noticed that in a very large number of cases the repaying capacity of tenant cultivators was reduced due to the nature of the agreements under which they had leased in land from owners. Thus, under pathivaram lease a fixed share of the produce (50%) is to be paid by the tenant to the owner of the land; as this holds true even if additional yield is obtained by the cultivators through fruitful utilisation of credit, the tenants' capacity for repayment is very much below what it would be if they were the owners of land or if they had leased in land on a fixed rent basis. It was also found that the cultivators could not think of many ways of utilising medium term and long term credit. Thus, this decreasing frequency of demand for credits of the three different types does not reflect any decreasing order in their importance from the technical point of view. They do however reflect an essential reality, namely, that cultivators are very often not prepared with programmes in which medium term and long term loans could be fruitfully utilised.

B. Quantum of Credit Demanded.

5. Tables 3 and 4 show the average credit requirements per cultivator for paddy and garden lands and for Lowlands Midlands and Highlands. Two types of averages are considered. The first (A) is the average for all the cultivators covered by the Survey, and the Second (B), is the average only for those who recorded themselves as being desirous of having credit. It is seen that the average credit need of cultivators for garden crops is highest in the Highlands, but are not very different in the Midlands and Lowlands. The composition of the average credit needs in the Midlands and the Lowlands is however very different. While the short term credit requirement does not differ greatly in these two regions, in the Lowlands medium term loans have got very much greater importance than long term loans whereas just the opposite is true in

TABLE 3.

Average Credit Requirement Per Household According to type of credit.

Garden Land.

(Figures in Rupees.)

	Lowland		Midland		Highland		All regions	
	A.	B.	A.	B.	A.	B.	A.	B.
Short term credit	67·25	112·71	74·37	107·43	156·53	156·53	90·20	124·67
Medium term credit	91·28	167·22	43·10	74·47	99·55	174·22	75·44	133·52
Long term credit	11·77	77·67	63·46	156·08	86·27	172·54	47·85	147·14
All types of credit	170·30	221·84	180·93	219·87	342·35	342·35	213·49	239·82

A. Average for all households cultivating garden crops.

B. Average only for all garden crop cultivating households needing credit.

TABLE 4.

Average Credit Requirement per Household according to type of credit.
Paddy Land.

(Figures in Rupees.)

	Lowland		Midland		Highland		All regions	
	A.	B.	A.	B.	A.	B.	A.	B.
Short term credit	82.04	148.89	79.06	96.63	60.00	67.00	77.44	105.89
Long term credit	13.77	225.00	17.05	225.00	..	..	13.44	225.00
All types of credit	95.81	162.41	96.11	117.46	60.00	67.00	90.88	124.25

A. Average for all households cultivating paddy.

B. Average only for paddy households needing credit.

the Midlands. Credit requirements of all types are higher in the Highlands than in the other two regions. While we have seen that the average requirement of Long term loan is smaller than that for short term loan, this is not true about all the individual regions. Thus, in the Lowlands average requirement of medium-term credit is higher than that for short term credit whereas in the Midlands the average requirement of longterm credit is higher than that of medium term credit. As far as paddy is concerned by far the greater part of credit need is for short term credit. The average need of short term credit is also higher in the Lowlands than in the Midlands, and higher in the Midlands than in the Highlands which of course is only to be expected as there is not so much of paddy cultivation in the Highlands. The higher average need of credit of all varieties in the Highlands compared with the Midlands and the Lowlands does not result exclusively from the fact that the frequency with which credit is demanded is higher in the Highlands than in the Midlands and Lowlands. It is seen from the table that the average size of loans is also higher in the Highlands than in the Lowlands or Midlands.

6. Table 5 classifies households according to their importance as land owners and gives the percentages of cultivators belonging to the different groups willing to have short term, medium term and long term credit. Five classes were considered which we take to reflect five income categories among cultivators.

A very interesting fact is revealed. We find that the percentage of cultivators asking for credit rises as ownership size rises but marks a fall at the very end of the scale. The rising tendency probably reflects the increasing repaying capacity of the cultivators. The fall at the end of the scale probably indicates that for the last category of cultivators the requirement for credit is comparatively less. (In the case of medium-term loans the fall at the end of the scale is not noticed. This is probably due to sampling error).

7. Tables 6.1 and 6.2 present the average credit needs (two types, A and B, of average being considered as before) for households belonging to different ownership groups. The average amount of credit demanded rises as ownership size goes up.

TABLE 5.

Percentage of households willing to take credit according to ownership size of land.

Type of Loan	Ownership size of land						
	1	2	3	4	5	6	7
		Below one acre	One to two acres	Two to three acres	Three to five acres	Five acres and above	All
Short term loan		71.67	75.00	95.00	92.11	88.64	82.52
Medium term loan		36.67	45.31	62.50	76.32	77.27	56.50
Long term loan		13.33	28.13	50.00	55.26	38.64	34.15
All		80.00	85.94	95.00	97.37	93.18	89.02

TABLE 6. 1.

Garden Land. Average Credit Requirement per Household
According to Ownership Size.

(Figures in Rupees)

Size (acres)	Lowland		Midland		Highland		All regions	
	A.	B.	A.	B.	A.	B.	A.	B.
1	2	3	4	5	6	7	8	9
0-1	69.02	98.23	87.81	108.07	37.86	37.86	70.40	88.00
1-2	95.03	126.71	73.08	96.16	170.00	170.00	99.34	115.60
2-3	123.63	151.11	167.67	179.64	418.57	418.57	243.38	256.18
3-5	283.58	330.83	276.47	335.71	242.58	242.58	265.29	272.46
Above 5	518.75	592.26	335.72	402.87	778.00	778.00	502.80	539.59
All	170.30	221.84	180.93	219.87	342.35	342.35	213.49	239.82

A : Average for all cultivating households.

B : Average only for cultivating households needing credit.

TABLE 6. 2.
Paddy Land. Average Credit Requirement per Household
According to Ownership Size.

Size (acres)	(Figures in Rupees)											
	Lowland		Midland		Highland		All regions					
	A.	B.	A.	B.	A.	B.	A.	B.	A.	B.		
1	2	3	4	5	6	7	8	9				
0-1	20.56	46.25	20.56	23.12	..	..	20.56	30.83				
1-2	37.50	87.50	57.20	95.33	17.50	17.50	45.74	83.41				
2-3	89.38	143.00	77.73	85.50	55.80	55.80	77.04	92.45				
3-5	125.00	187.50	179.64	155.91	61.25	61.25	117.08	147.89				
Above 5	210.00	315.00	154.71	164.38	82.86	96.67	159.17	191.00				
All	95.81	162.41	96.11	117.46	60.00	67.00	90.88	124.25				

A: Average for all households cultivating paddy.
B: Average for only paddy households needing credit.

This is only natural, as credit is demanded with increasing frequency and as the average size of loans increases as the ownership size of land goes up.

8. Per house hold or per cultivator credit requirement is however not a very useful statistical notion. Table 7 gives estimates of per acre average short term, medium term or long term credit needs of cultivators belonging to Lowlands, Midlands and Highlands for paddyland and garden land taken together. The table also gives (column 5) the total requirements of credit (short term, medium term and long term taken together) for the three categories of regions as well as the average credit needs (shown in the last row against "All types of land") of short term, medium term and long term variety for all cultivators of these three regions considered together.

TABLE 7.
Per acre average credit requirements of cultivators.
(Figures in Rupees)

Type of land	Type of loan			
	Short term	Medium term	Long term	All types
1	2	3	4	5
Lowland	36.11	30.56	6.22	72.89
Midland	35.21	11.60	20.27	67.08
Highland	55.33	31.15	27.00	113.48
All types	39.96	22.77	16.65	79.38

The average credit needs are highest in the Highlands and higher in the Lowland regions than in the Midlands (excepting that long term credit need is higher in the Midlands than in the Lowlands). It is also seen that the average per acre short term credit requirements is higher than the medium term one and the latter is higher than the corresponding figures for long term one. (Once again there is a departure from this pattern as far as the Midlands are concerned, due most probably to sampling fluctuations).

9. Table 8 shows the credit requirements of long term, short term and medium term nature for the five household groups defined according to ownership size.

TABLE 8.

Per acre average credit requirements according to ownership size of land.

(Figures in Rupees)

Type of loan	Owner-ship size of land					
	0-1	1-2	2-3	3-5	Above 5	All
1	2	3	4	5	6	7
Short term ..	40.67	39.40	45.18	44.39	36.74	39.96
Medium term ..	18.70	19.92	23.03	24.79	23.48	22.77
Long term ..	4.90	17.48	26.54	25.79	12.24	16.65
All ..	54.27	76.80	94.75	94.97	72.46	79.38

It is seen that credit requirement rises as ownership size rises but only up to a certain point. The credit requirement falls off at the end of the scale presumably because the need for credit declines. The rising tendency up to the turning point must be due to repaying capacity increasing as ownership size rises. This very pattern, it may be recalled, was observed in the frequency of demands for credit in Table 5.

10. Table 9 and Table 10 shows the average per acre credit needs for paddy land and garden land separately. It is seen that the per acre credit requirement for paddy land is higher than that for garden land.

TABLE 9.

Per acre average credit for paddy land.

(Figures in Rupees)

Type of land	Type of loan			
	Short term credit	Medium term credit	Long term credit	All
1	2	3	4	5
Lowland ..	72·03	..	12·09	84·12
Midland ..	68·99	..	14·87	83·86
Highland ..	73·72	..	..	73·72
All ..	70·64	..	12·25	82·89

TABLE 10.

Per acre average credit requirements for garden land.

Type of land	Type of loan			
	Short term credit	Medium term credit	Long term credit	All
1	2	3	4	5
Lowland ..	27·75	37·67	4·86	70·28
Midland ..	25·57	14·91	21·81	62·29
Highland ..	53·60	34·09	29·54	117·23
All	33·21	27·78	17·62	78·61

The tables also enable us to estimate the credit requirements for paddy land as well as garden land. Assuming the net paddy area in the State to be 13·5 lakhs acres and garden land (exclusive of rubber, tea, coffee and cardamom land) to be 27·5 lakhs acres and assuming the figures given in the tables 9 and 10 to represent per acre credit requirements, for paddy and other garden crops (exclusive of rubber, tea, coffee and cardamom) the total credit requirements for the whole State would be as given in table 11.

TABLE 11.

Estimate of the credit requirements for the State.

(Rs. in crores)

Type of credit	Type of crop		
	Paddy	Garden crops	All
1	2	3	4
Short term ..	9·54	9·13	18·67
Medium term ..	..	7·64	7·64
Long term ..	1·65	4·85	6·50
All	11·19	21·62	32·81

C. Utilisation of Credit.

11. The cultivators interviewed had generally a very limited range of purposes in view when asking for credit. Short term loans were asked in most of the cases for manures and wages and only in some cases for seeds. Medium term loans were asked in most cases for manuring of coconut trees. Long term loans were also asked mainly for the planting of coconut seedlings. Medium term loans were asked to some extent for irrigation facilities, while long term loans for land improvement was asked in a small number of cases. Loans for draught animals and implements were rarely asked.

12. Table 12 gives the amounts of short term credit required for paddy land in the three regions and their purpose-wise break up.

TABLE 12.
Per acre average short term credit for paddy land—Purpose-wise break up.

Requirement of credit for	Type of land									
	Lowland			Midland			Highland			All
	Amount Rs.	% of Total	Amount Rs.	% of Total	Amount Rs.	% of Total	Amount Rs.	% of Total	Amount Rs.	% of Total
1	2	3	4	5	6	7	8	9		
Seed	10.48	14.55	3.70	5.37	14.01	19.02	7.36	10.42		
Manure	49.72	69.03	59.14	85.71	20.55	27.88	51.51	72.92		
Wages	11.83	16.42	3.58	5.18	36.49	49.49	10.17	14.39		
Others	..	..	2.58	3.74	2.67	3.61	1.60	2.27		
Total	72.03	100.00	68.99	100.00	73.72	100.00	70.64	100.00		

It is seen that the requirement of short term credit for manure and for payment of wages is larger than that for seed in all the three regions. The requirement for manure is however less important for the cultivators in the Highlands. The total short term credit requirement however does not show any marked disparity between different regions.

For paddy land medium term credit is not required by any of the households investigated. Long term credit also is asked very uncommonly. Where it is demanded, the purpose is land improvement works and purchase of bullocks, etc. Most of the households investigated had facilities for obtaining water. That might be an explanation as to why long term credit with a view to undertaking irrigation works is not demanded.

13. Per acre average requirement of short term credit for garden land according to the different purposes for which credit is required is given in Table 13.

TABLE 13.
Per acre average short term credit for garden land—Purpose-wise break up.

Requirement of credit for.	Type of land									
	Lowland.			Midland.			Highland.			All
	Amount	% to total	Amount	% to total	Amount	% to total	Amount	% to total	Amount	% to total
1	2	3	4	5	6	7	8	9		
Seed	0.14	0.50	..	..	1.53	2.85	0.43	1.29		
Manure	17.44	62.85	21.69	84.83	23.91	44.61	20.70	62.34		
Wages	10.11	36.43	2.99	11.69	25.71	47.97	11.11	33.45		
Others	0.06	0.22	0.89	3.48	2.45	4.57	0.97	2.92		
Total	27.75	100.00	25.57	100.00	53.60	100.00	33.21	100.00		

It is seen that for garden crops too, the requirements for manures and wages account for almost the entire amount of short-term credit need. The mutual relation between the requirements of manures and wages are also of the same pattern as in the case of paddyland; that is to say, for Lowlands and Midlands, credit needed for manures is higher than that for wages; but the contrary is true for the Highlands. While in the case of paddylands, per acre credit requirement is more or less the same in the Lowlands, Midlands, and Highlands, it is not so in the case of garden crops. Per acre requirement of short term credit is seen to be very much higher in the Highlands than in the Midlands or the Lowlands, due principally to the payment of wages to labourers.

14. Table 14 gives the per acre medium term loan requirements for garden crops for different purposes. It can be seen that the manuring of coconut trees accounts for the major portion of the total requirement. Some amount of credit is also demanded for manuring arecanut trees in the highlands. It is also to be noted that medium term credit requirements for all purposes are low in the Midlands.

TABLE 14.

Per acre average medium term credit for garden land—Purpose-wise break up.

Requirement of credit for.	Type of land							
	Lowland		Midland		Highland		All	
	Amount Rs.	% to total	Amount Rs.	% to total	Amount Rs.	% to total	Amount Rs.	% to total
1	2	3	4	5	6	7	8	9
Coconut manuring..	30.01	79.66	9.27	62.17	13.95	40.92	17.86	64.29
Arecanut manuring.	..	..	0.11	0.74	8.74	25.64	2.19	7.88
Others ..	7.66	20.34	5.53	37.09	11.40	33.44	7.73	27.83
Total ..	37.67	100.00	14.91	100.00	34.09	100.00	27.78	100.00

Return on Credit.

15. In the following section, we undertake an analysis of the factors on which depends the rate of return on credit. It is presumed that credit given is used for investment purposes and repayment takes place from the return obtained from the investment. The rate of return on credits on different types hypothetically accorded to each cultivator desirous of having credit was worked out on the basis of the estimate provided by the cultivator himself regarding the net income that can be expected to follow from the investment made possible by the credit. It is our purpose to try to examine the dependence of the rate of return on three factors, namely, (a) the total amount of credit given to a cultivator, (b) the size of the economic unit on which the investment is made and (c) the economic position of the cultivator measured by the extent of land owned by him.

16. What we want to know first of all is whether the rate of total net return on credit shows any decreasing tendency as the volume of credit is increased; in other words whether the Law of Diminishing Returns operates on the volume of credit. We find from table 15 that the answer is No. Perhaps such a tendency is discernible in the results of medium term loan for garden lands but in no other case there is even any trace of such a diminishing tendency. Only short term loan is considered for paddy as medium term loan is never demanded for paddy whereas data on long term loan for paddy is too meagre to permit of any conclusion being drawn.

TABLE 15.

Rate of Return on Credit.

Crop	Type of loan	Figures %					
		0-25	26-50	51-100	101-200	Above 200	All
Garden	Short term	199	244	250	199	222	227
	Medium term	383	237	231	260	230	284
	Long term	406	296	312	374	333	309
Paddy	Short term	200	188	206	207	167	197

17. The second question to which we desire an answer is whether the rate of return depends in any way on the size of the operational unit for which the credit is availed. We measure

the operational unit in terms of the amount of land under cultivation. We find on examination that there is definitely a relationship, but it is not the same for all types of credit or for paddy and garden crops (See table below).

TABLE 16.

Return as percentage of amount of credit.

Crop	Type of loan	Area cultivated					
		0-1	1-2	2-3	3-5	Above 5	All
Garden crops	Short term	265	214	218	225	229	227
	Medium term	393	245	291	246	295	284
	Long term	283	336	393	363	261	309
Paddy	Short term	196	191	278	191	300	197

For short term credit for garden land, the pattern is for the rate of return first to decrease and then to increase once more as the extent of cultivated land increases, the maximum rate of return being obtained by those cultivating less than 1 acre of land. A similar pattern is seen for medium term credit for garden land. Once more, the maximum rate of return is enjoyed by cultivators cultivating the smallest amount of land, but the tendency for the rate to first diminish and then rise with increasing extent of cultivated land is not seen clearly in this case. In the case of short term credit for paddy land, the pattern is once more a little diffused, but it appears that the maximum return is obtained by cultivators having cultivated land with extent ranging from 2 to 3 acres. This is also true of long term credit for garden lands. The available data on long term credit for paddy land however is too scrappy to permit of any regular pattern being discerned in its returns.

18. We may now consider the factor "Size of Ownership" which, though closely related to the factor "Amount of land Cultivated" is not exactly identical. Here our query is whether the efficacy of a loan varies according to the economic position in terms of the extent of land ownership. The following table gives the percentages of returns to credit.

TABLE 17.

Return as percentage of amount of credit.

Percentages

Crop	Type of loan	Ownership size					
		0-1	1-2	2-3	3-5	Above 5	All
Garden Crops	Short term	266	209	228	191	234	227
	Medium term	363	256	249	280	289	284
	Long term	493	153	446	262	239	309
Paddy	Short term	227	172	203	173	209	197

It can be seen that the best rates of return are obtained on loans to the lowest ownership class but among the remaining classes, no pattern is very clearly discernible.

APPENDIX.

While the main purpose of the survey was estimating the credit requirements of cultivators, it was necessary to obtain also some information about the general economic background of the cultivating households included in the survey. Analysis of the answers to the questionnaire of this category throws up some interesting results as by-products. They are presented and briefly discussed below.

Land Relations.

2. The following table presents a picture of the land relations in the Lowlands, Midlands and Highlands of the Trivandrum district as revealed by the sample survey.

TABLE I.

(figures in acres)

Type of land.	Average acreage of land			
	owned	possessed	leased in	leased out
Lowlands ..	2.64	3.11	0.75	0.17
Midlands ..	3.50	4.10	0.61	0.11
Highlands ..	3.11	3.20	0.35	0.25
All ..	3.08	3.50	0.61	0.18

3. Land possessed in the above table means land owned plus land leased in minus land leased out. 'Land leased out' and 'land leased in' include 'land mortgaged out' and 'land mortgaged in' respectively. The average area of land owned per holding for the T.—C. area was found by the Census of Land Holdings of 1955-56 to be nearly 1.5 acres. The average of land ownership per household for our sample is about the double of it, namely 3.08 acres. It is, however, not possible to conclude from it that the average ownership size in the Trivandrum district is larger than in the other parts of the former T. C. area. For, apart from our sample being a very small one, there is a significant difference between the concepts used in the census and our survey. Whereas the unit for the census is 'landholding', that for our survey is 'household'. The same household may however have more than one holding as 'holding' means land held by a single owner. The table also shows two other features characteristic of such tables. Firstly the average area of land leased out is seen to be much less than that of land leased in. For the entire State the two ought to be equal. But sample surveys carried out in rural areas cannot cover absentee landlords or corporate or institutional owners and fail to give proportionate representation to the large owners resident in the countryside who lease out land to tenants as they happen to be very much less numerous than the tenants.

4. The other characteristic feature is the small proportion of land shown as leased in or leased out to total land area cultivated. There is a general tendency on the part of cultivators to hide the fact that they are either tenants or rent receivers. In our survey the proportion is as small as 6% for land leased out and 17% for land leased in. For the whole of Kerala the proportion of land leased out to total land under cultivation is very likely to be higher than 20%. The picture may, however, be different in the Trivandrum district.

5. Table II shows the cumulative percentage distribution of households as well as land area possessed by households belonging to the different ownership groups.

TABLE II.

<i>Ownership size.</i>	<i>Cumulative percentage of cultivators.</i>	<i>Cumulative percentage of area possessed.</i>
Up to 1 acre	24.4	8.8
„ 2 acres	50.2	21.2
„ 3 acres	66.5	36.2
„ 5 acres	82.0	52.9
All	100.0	100.0

6. Table III shows the proportions of land possessed that is leased in and those of land owned that is leased out for different ownership groups of households.

TABLE III

Average Land Owned and Land possessed by the surveyed households.

<i>Ownership size</i>	<i>Land owned (acre)</i>	<i>Percentage of land owned leased out</i>	<i>Land possessed (acre)</i>	<i>Percentage of land possessed leased in</i>
1	2	3	4	5
0-1	0.59	28.8	1.25	68.0
1-2	1.53	11.1	1.56	17.9
2-3	2.53	6.3	3.06	22.5
3-5	3.48	1.7	3.71	8.6
Above 5	8.82	3.7	9.59	10.2
All	3.08	5.8	3.50	17.4

Capital stock.

7. Some information on the capital stock position of the cultivators has also been collected. Three types of capital goods were considered, namely, Implements, Livestock and Poultry. Implements are evaluated at their current market prices. Livestock covers not only the work stock but also animals raised for milk, meat etc. The valuation of the livestock is made at the price at which owners are ready to part with their animals. The table below shows the average value of the capital stock of the above three varieties in the cultivating households investigated in the Lowlands, Midlands and Highlands respectively. It is seen that the largest value of capital with the cultivators is in the form of livestock. It is also seen that the average capital stock of cultivators is the highest in the Midlands and the lowest in the Highlands.

TABLE IV

Average value of capital stock per cultivating household.

(Figures in Rupees)

Region	Type of capital goods			
	Implements	Livestock	Poultry	Total
1	2	3	4	5
Lowlands	16.16	162.79	3.69	182.64
Midlands	30.72	164.16	6.90	201.78
Highlands	17.92	122.27	3.26	143.45
All regions	22.03	154.71	4.79	181.53

8. Table V gives a picture of the distribution of the capital goods of the above three categories in the various land-ownership classes. It is of course not surprising that the higher ownership classes should have greater value of capital of all varieties or that for each ownership class the same order of importance will be maintained among the three categories of capital goods; but what is interesting is the revelation that the value of capital goods rises at a much lower rate than the rise in landownership. Thus while the average value of capital of the above three types is Rs. 83 for a cultivator owning land between 0 to 1 acre, that for a cultivator belonging to the 3-5

ownership size group is only Rs. 176, whereas if capital were to rise in proportion to one's landownership, the latter average should be more than five times the former one, that is to say, more than Rs. 400.

TABLE V

Capital Stock.	Ownership size.					
	0-1	1-2	2-3	3-5	Above 5	All
Value of implements	9·83	13·94	19·53	28·89	46·31	22·03
Value of livestock	71·08	93·44	107·17	140·63	409·70	154·71
Value of poultry	2·41	3·92	4·31	6·86	7·89	4·79
Total	83·32	111·30	131·01	176·38	463·90	181·53

9. Table VI gives the value of capital stock possessed by the surveyed households in the Lowland, Midlands and Highlands, grouped according to the land ownership sizes. This table also reveals that the value of capital stock rises at a much lower rate than the rise in land ownership.

TABLE VI

Type of land.	Ownership size.				
	0-1	1-2	2-3	3-5	Above 5
Lowland	74·41	128·18	137·82	243·35	532·50
Midland	91·37	116·54	167·40	216·54	433·03
Highland	112·00	56·45	86·68	94·11	409·70
All	83·32	111·30	131·01	176·38	463·90

Gross Production and Farm Expenditure.

10. Information was also collected on the value of production and farm expenditure, for obviously these two are very important factors determining the credit needs of cultivators. The following table shows the gross value of production and total farm expenditure per household and per acre in the three regions of Kerala.

TABLE VII

(Figures in rupees)

Region.	Average Gross Production.		Average Farm Expenditure.	
	Per household.	Per acre of cultivated land	Per household.	Per acre of cultivated land.
(1)	(2)	(3)	(4)	(5)
Lowland	621.47	208.03	219.69	73.54
Midland	846.61	226.35	297.69	79.66
Highland	704.09	220.29	206.62	64.56
All Regions	723.56	218.44	245.66	74.14

11. Gross produce in the above table does not cover strictly all forms of agricultural production but all the important items belonging to it; cultivating expenses on the other hand excludes seeds and manures consumed from the cultivators' own stock. It is seen that both the average gross value of production as well as the average monetised farm expenditure, per household as well as per cultivated acre, is the largest in the Midlands. It is therefore, a little surprising that average credit requirements per household is the highest not in the Midlands but in the Highlands (see tables 3 and 4). The average gross value of production, i. e., Rs. 723.56 compares well with the all-India average of Rs. 752 arrived at by the Rural Credit Survey Committee.

12. Table VIII shows the dependence of the value of gross production per household and per acre on two related factors namely, amount of land cultivated by the household and the size of land ownership of the household.

TABLE VIII

(Figures in Rupees)

Ownership size	Gross production per household.	Current farm expense per household	Area cultivated per household	Gross production per acre	Current farm expenses per acre
0—1	270·57	69·43	0—1	227·14	58·29
1—2	357·28	99·77	1—2	225·84	63·07
2—3	666·41	195·62	2—3	218·03	64·00
3—5	756·18	276·89	3—5	211·74	77·53
Above 5	1897·85	716·71	Above 5	217·24	82·04
All classes	723·56	245·66	All classes	218·44	74·14

It is seen that as far as the factor 'ownership size' is concerned, the rate of returns diminish as ownership size increases at a rate much below that of increase in the size of ownership. Thus while ownership size goes up from 0—1 acre group to 3—5 acre group, the value of gross production per household goes up from Rs. 271 to Rs. 756 only, whereas if the increase were proportionate the latter figure would be above Rs. 1,300. This is due presumably to a smaller proportion of lands owned by higher ownership groups being cultivated as well as the productivity of cultivated land being less for large cultivating units as is seen from the second part of Table VIII. It is also to be remarked that the diminishing tendency in the gross value of production per acre cultivated operates in the face of the tendency for cultivating expenses per acre to go up.

13. Table IX below gives the cumulative frequency distribution of households classified according to the value of their gross produce. This table reveals that the average gross value of produce per cultivating household is higher among the Trivandrum households investigated than in the whole country. Thus according to the Rural Credit Survey Report, 50% of the households surveyed by it all over India had incurred less than Rs. 400 of farm expenditure, whereas the proportion in our sample is 43% only.

TABLE IX.

Gross Produce Groups (Rs.)	Cumulative distribution of households (%)
Up to 100	6·91
„ 200	23·17
„ 400	43·09
„ 600	60·98
„ 800	69·92
„ 1000	78·46
All	100·00

14. Table X shows the composition of the average per acre farm expenditure according to the different items of expenditure. It is seen that the biggest item of expenditure is for wages and next comes manures. This is indeed interesting, for it is seen from table 12 and 13 that credit requirement is more for manures than for wages. There is however really no contradiction, for manure is a much more variable factor than labour is. Precisely because cultivators can spend less on manures than on wages to begin with, they would require also more credit for manure than for paying wages.

TABLE X
Farm expenses per acre of cultivated land.

Sl. No.	Expenditure on	Lowland		Midland		Highland		All	
		Amount Rs.	%	Amount Rs.	%	Amount Rs.	%	Amount Rs.	%
1	Seed	2.07	2.82	1.28	1.61	6.76	10.45	2.78	3.75
2	Manure	21.13	28.73	15.62	19.61	33.00	51.04	21.42	28.89
3	Wages	36.00	48.95	49.87	62.60	22.10	34.18	38.74	52.25
4	Hiring of animals and implements	5.80	7.89	1.97	2.47	0.27	0.42	2.98	4.02
5	Repairs of implements	3.52	4.79	3.09	3.88	0.30	0.46	2.63	3.55
6	Rent and Land Revenue	2.09	2.84	2.91	3.65	2.15	3.33	2.44	3.29
7	Others	2.93	3.98	4.92	6.18	0.08	0.12	3.15	4.25
	Total	73.54	100.00	79.66	100.00	64.66	100.00	74.14	100.00

TABLE XI
Farm expenses per household—Trivandrum, Quilon, Malabar, All India.

Expenditure on	Trivandrum District.		Quilon District.*		Malabar District.*		All India.*	
	Amount Rs.	%	Amount Rs.	%	Amount Rs.	%	Amount Rs.	%
1. Seed ..	9.21	3.75	14.60	4.60	28.00	4.70	29.00	10.30
2. Manure ..	70.97	28.89	86.70	27.00	17.00	2.90	23.00	8.30
3. Wages ..	128.35	52.22	127.00	39.60	320.00	53.20	68.00	24.00
4. Others ..	37.13	15.14	92.30	28.80	235.00	39.20	163.00	57.40
Total ..	245.66	100.00	320.60	100.00	600.00	100.00	283.00	100.00

* Farm expenses refer to cash farm expenditure only.

15. The table XI compares the average farm expenditure per household as found in our survey with the amounts of monetised farm expenditure for the Quilon District, the former Malabar District of the Madras State and the whole of India as found in the Rural Credit Survey Report. It is seen that the average farm expenditure is much lower in our sample than for the other estimates even though our definition of farm expenditure includes cash expenditure as well as some elements of expenditure in kind. It is difficult to say to what degree it is a matter of purely statistical fluctuations and to what degree it represents a reality and again what part of the reality is accounted for by a difference in the total volume of farm expenditure and what part is to be accounted for by differences in the extents of monetisation of the agricultural economies concerned.

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